

THE TAKEOVER PANEL

The City Panel has noted both the failure to implement the agreement as to the future management of Pergamon Press Ltd. made between Mr. Robert Maxwell as Chairman and Managing Director of the Company and Leasco Data Processing Corporation and Leasco's announcement that because of this failure they have withdrawn from their undertaking to make an offer for the outstanding shares on the basis which had been announced. The Panel considered that the agreement would have done much to protect the Pergamon Company and particular the interests of its outside shareholders.

The Panel however has made it clear that it cannot act as a negotiating body and still less as an arbitrator between disputing parties. In the present case at the request of both parties it did lend its good offices in the promotion of an agreement which it hoped would be carried out by both sides and in the interest of the general body of shareholders. A great deal of assistance was provided to this end.

Subsequent to the conclusion of the agreement Mr. Maxwell requested the Chairman and the Director General of the Panel to give its interpretation of the meaning of the provisions in the agreement as to management. The Panel records that this agreement whilst providing that Mr. Maxwell would resign from the managing directorship of the Company on the nomination of a suitable successor by Leasco involved his remaining Chairman of the Board although without a casting vote; ultimate management control would have remained with the reconstituted board, the Leasco representative being in the position of chief executive under that board. It is a matter for regret that Mr. Maxwell has felt unable to accept this interpretation, but in the event the Panel cannot compel parties to carry out an agreement and the matter must be left to the shareholders and the ordinary processes of law. The Panel will however continue to watch development closely.

15.9.1969